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DOCKET NO. L-00000FF-07-0134-00133

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

DEC 21 2007

Mike Gleason, Chairman  
William A. Mundell  
Jeff Hatch-Miller  
Kristin K. Mayes  
Gary Pierce

DOCKETED BY

IN THE MATTER OF THE APPLICATION  
OF NORTHERN ARIZONA ENERGY, LLC IN  
CONFORMANCE WITH THE  
REQUIREMENTS OF ARIZONA REVISED  
STATUTES §§ 40-360.03 AND 40-360.06, FOR  
A CERTIFICATE OF ENVIRONMENTAL  
COMPATIBILITY AUTHORIZING  
CONSTRUCTION OF A 175 MW NATURAL  
GAS-FIRED, SIMPLE CYCLE GENERATING  
FACILITY AND ASSOCIATED  
TRANSMISSION LINE INTERCONNECTING  
THE GENERATING FACILITY TO THE  
ADJACENT WESTERN AREA POWER  
ADMINISTRATION GRIFFITH  
SWITCHYARD, ALL LOCATED IN  
MOHAVE COUNTY, APPROXIMATELY 9  
MILES SOUTHWEST OF KINGMAN,  
ARIZONA.

DOCKET NO. L-00000FF-07-0134-00133

CASE NO. 133

DECISION NO. 70108

The Arizona Corporation Commission ("Commission") has conducted its review, pursuant to A.R.S. § 40-360.07. The Commission finds and concludes that the Certificate of Environmental Compatibility ("CEC") issued by the Arizona Power Plant and Transmission Line Siting Committee ("Committee") is hereby granted as modified by this Order.

The Commission further finds and concludes that the use of a Remedial Action Scheme in this case does not constitute a variance from Staff guidelines because of the extreme remoteness of the possibility of occurrence of the Liberty Phase Shifter moving power in the Northbound direction coincident with either of the two N-1 contingencies.

The Commission modifies the CEC condition number 10 as follows:

DELETE at Page 6, lines 9.5 through 12.5:

(ii) During the operating life of the Project, the Project's water usage and the water table at the well field shall be metered and measured at six-month or shorter intervals and reported to ADWR and Mohave County annually; provided, however, the water table measurement interval may

1 be reduced to an annual interval, upon approval by ADWR, if the more  
frequent measurements reflect a consistent trend.

2 INSERT at Page 6, line 9.5:

3 (ii) During the operating life of the Project, the Project's water usage and  
4 the water table at the well field shall be metered and measured at six-  
5 month or shorter intervals and reported to ADWR and Mohave County  
6 and the Commission's docket control annually; provided, however, the  
water table measurement interval may be reduced to an annual interval,  
upon approval by ADWR, if the more frequent measurements reflect a  
consistent trend.

7  
8 The Commission modifies the CEC to add a new condition number 15 as follows:

9 Page 7, line 4, INSERT:

10 15. "Additionally, Applicant shall file with Commission's docket  
11 control, as a compliance item in this docket each year beginning on  
12 January 1, 2010, a report detailing its top three power purchasers for  
13 the preceding year. If the Applicant believes that some of the  
information contained within this report to be proprietary in nature it  
shall file the redacted version with Docket Control, and the unredacted  
versions may be supplied pursuant to a protective agreement."

14 The Commission further finds and concludes that: (1) the Project is in the public interest  
15 because it aids the state in meeting the need for an adequate, economical and reliable supply of  
16 electric power; (2) in balancing the need for the Project with its effect on the environment and  
17 ecology of the state, the conditions placed on the CEC by the Committee as modified by the  
18 Commission effectively minimize its impact on the environment and ecology of the state; (3) the  
19 conditions placed on the CEC by the Committee as modified by the Commission resolve matters  
20 concerning the need for the Project and its impact on the environment and ecology of the state raised  
21 during the course of proceedings, and as such, serve as the findings on the matters raised; and (4) in  
22 light of these conditions, the balancing in the broad public interest results in favor of granting the  
23 CEC as modified by the Commission.

24 ...

25 ..

26 ...

27 ...

28 ...

1  
2 THE CEC ISSUED BY THE SITING COMMITTEE IS  
3 INCORPORATED HEREIN AND IS APPROVED AS MODIFIED BY THE  
4 COMMISSION BY ORDER OF THE  
5 ARIZONA CORPORATION COMMISSION  
6

7   
8 CHAIRMAN

  
COMMISSIONER

9  
10   
11 COMMISSIONER

  
COMMISSIONER

  
COMMISSIONER

12  
13 IN WITNESS WHEREOF, I DEAN S. MILLER Interim  
14 Executive Director of the Arizona Corporation Commission,  
15 have hereunto, set my hand and caused the official seal of this  
16 Commission to be affixed at the Capital, in the City of  
17 Phoenix, this 21<sup>st</sup> day of December, 2007.

18   
19 DEAN S. MILLER  
20 Interim Executive Director  
21  
22

23 DISSENT: \_\_\_\_\_

24 DISSENT: \_\_\_\_\_  
25  
26  
27  
28

1                   **BEFORE THE ARIZONA POWER PLANT AND TRANSMISSION**  
2                   **LINE SITING COMMITTEE**

3 IN THE MATTER OF THE APPLICATION OF  
4 NORTHERN ARIZONA ENERGY, L.L.C., IN  
5 CONFORMANCE WITH THE REQUIREMENTS  
6 OF ARIZONA REVISED STATUTES §§ 40-360.03  
7 AND 40-360.06, FOR A CERTIFICATE OF  
8 ENVIRONMENTAL COMPATIBILITY  
9 AUTHORIZING CONSTRUCTION OF A 175 MW  
10 NATURAL GAS-FIRED, SIMPLE CYCLE  
11 GENERATING FACILITY AND ASSOCIATED  
TRANSMISSION LINE INTERCONNECTING THE  
GENERATING FACILITY TO THE ADJACENT  
WESTERN AREA POWER ADMINISTRATION  
GRIFFITH SWITCHYARD, ALL LOCATED IN  
MOHAVE COUNTY, APPROXIMATELY 9 MILES  
SOUTHWEST OF KINGMAN, ARIZONA

Case No. L-00000FF-07-0134-00133

Decision No. \_\_\_\_\_

12                   **CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY**

13                   Pursuant to notice given as provided by law, the Arizona Power Plant and Transmission  
14 Line Siting Committee ("Committee") held public hearings at The Hampton Inn, Kingman,  
15 Arizona, May 1 and 2, 2007, and at the Best Western Executive Suites, Phoenix, Arizona, on  
16 September 17 and 18, and October 15, 2007, in conformance with the requirements of Arizona  
17 Revised Statutes Section 40-360, *et seq.*, for the purpose of receiving public comment and  
18 evidence and deliberating on the Application of Northern Arizona Energy Project ("NAEP") by  
19 Northern Arizona Energy, L.L.C. ("Applicant") for a Certificate of Environmental Compatibility  
20 ("Certificate") in the above-captioned case.  
21

22                   The following members or designees of members of the Committee were present for  
23 some or all of the hearings on the Application:  
24

25                   Laurie A. Woodall   Chairman, Designee for the Arizona Attorney General  
26

1 Paul W. Rasmussen Designee for the Director of the Arizona Department of Environmental  
Quality

2 David Eberhart Designee for the Chairman of the Arizona Corporation Commission

3 Jack Haenichen Designee for the Director of the Energy Office of the Arizona  
4 Department of Commerce

5 Jeff Maguire Appointed Member representing the Arizona Department of  
6 Agriculture

7 A. Wayne Smith Appointed Member

8 Mike Whalen Appointed Member representing Cities

9 Mike Palmer Appointed Member

10 Barry Wong Appointed Member

11 Gregg Houtz Designee for the Director of the Arizona Department of Water  
Resources

12 Joy Rich Appointed Member representing Counties

13 Jay Moyes, Esq. of Moyes Storey Ltd. represented Applicant. Staff of the Arizona  
14 Corporation Commission ("Staff") noticed their intervention as a party, and was represented by  
15 Janice Alward, Esq. and Maureen Scott, Esq. Mohave County was granted intervener status and was  
16 represented by Kenneth C. Sundlof, Jr., Esq. of Jennings Strouss & Salmon, P.L.C. and Robert  
17 Taylor, Esq., Mohave County Attorney's Office. Mr. Jack Ehrhardt was granted intervention in his  
18 individual capacity. Applicant, Staff, Mohave County, and Mr. Ehrhardt presented testimony and  
19 exhibits during the hearings. Several persons presented public comments on the record. There were  
20 no other interventions or limited appearances.

21 At the conclusion of the hearings and deliberations, the Committee, (i) having received and  
22 considered the Application, the appearances of Applicant and each of the interveners; the evidence,  
23 testimony and exhibits presented by Applicant and the interveners, respectively; and the public  
24 comments; (ii) being advised of the legal requirements of Arizona Revised Statutes ("A.R.S.") §§ 40-  
25 360 to 40-360.13; (iii) upon consideration of the factors identified in A.R.S § 40-360.06; and (iv) in  
26 accordance with A.A.C. R14-3-213, upon motion duly made and seconded, voted 11-0 to make the  
27 following findings and to grant Applicant the following Certificate of Environmental Compatibility:  
28

1 The Committee finds that under the facts of this case, as reflected by the record, the  
2 Committee has jurisdiction to consider the Application and to grant the Certificate.

3 The Committee finds that there is a need for an adequate, economical and reliable supply of  
4 electric power within the Western Electricity Coordinating Council (WECC) and the State of  
5 Arizona, and that Applicant's proposed Northern Arizona Energy Project would contribute towards  
6 satisfaction of such need.

7 The Committee finds that the construction and operation of the Project would not cause  
8 material adverse impact to the environment, as mitigated by compliance with the conditions attached  
9 to the issuance of the Certificate.

10 Northern Arizona Energy, LLC, and its assignee(s), are hereby granted this Certificate of  
11 Environmental Compatibility authorizing construction of a nominal 175 MW natural gas-fired,  
12 simple cycle generating facility and associated transmission line interconnecting the generating  
13 facility to the adjacent Western Area Power Administration Griffith Switchyard (collectively the  
14 "Project"). The Project shall comprise no more than four (4) individual simple-cycle natural gas  
15 combustion turbine generator units, each having a nominal capacity of approximately 45 MW. As  
16 depicted on the attached Exhibit A, the Project shall be constructed wholly within the perimeter of the  
17 existing Griffith Energy project site, legally described as the Southwest Quarter of Section 6,  
18 Township 19 North, Range 17 West, Gila & Salt River Base & Meridian, Mohave County, Arizona,  
19 comprising approximately one hundred sixty (160 ) acres (the "160 Perimeter"). The Project  
20 generators and step-up transformers will be located within the North seven hundred (700) feet of the  
21 North One-half of the above-described parcel. The transmission line components of the Project will  
22 be constructed wholly within the 160 Perimeter so as to interconnect the Project generators to the  
23 existing Griffith Switchyard owned by Western Area Power Administration ("Western"), also located  
24 wholly within the 160 Perimeter, in a reasonably direct route to be determined by Western and  
25 Applicant taking into account appropriate clearances from other existing transmission facilities within  
26 the 160 Perimeter, and the most feasible point of access into, and the necessary minor expansion of  
27 the existing Griffith Switchyard as required to complete the interconnection. The transmission line  
28 shall not exceed approximately 3,000 feet in total length, and shall be constructed using tubular steel

1 monopole tower structures of the type depicted on the attached Exhibit B, approximately 100 -120  
2 feet in height, in total numbers and spacing to be determined in accordance with applicable Western  
3 interconnection standards and applicable safety and reliability standards.

4 This Certificate is granted upon the following conditions:

- 5 1. This authorization to construct the Project will expire five (5) years from the date this  
6 Certificate is approved by the Arizona Corporation Commission ("Commission") unless  
7 substantial construction activities have commenced; provided, however, that prior to such  
8 expiration Applicant or its assignee may request that the Commission extend this time  
9 limitation.
- 10 2. The Applicant will comply with all existing applicable air and water pollution control  
11 standards and regulations, and with all existing applicable ordinances, master plans and  
12 regulations of the State of Arizona, Mohave County, the United States, and any other  
13 governmental entities having jurisdiction, including but not limited to the following:
  - 14 a. all applicable land use regulations;
  - 15 b. all applicable zoning stipulations and conditions, including but not limited to  
16 landscaping and dust control requirements;
  - 17 c. all applicable air quality control standards and regulations, and permit conditions of  
18 the Arizona Department of Environmental Quality and/or Federal agencies having  
19 jurisdiction; and the Applicant shall install and operate selective catalytic reduction  
20 and oxidation catalyst emission control technologies on each of the four (4) Project  
21 units;
  - 22 d. all applicable water use, discharge and/or disposal requirements of the Arizona  
23 Department of Water Resources and the Arizona Department of Environmental  
24 Quality;
  - 25 e. all applicable noise control standards;
  - 26 f. all applicable regulations and permits governing storage and handling of chemicals  
27 and petroleum products; and,
  - 28 g. all other applicable federal and state regulations and standards.

3. Applicant has provided to the Commission a copy of the System Impact Study performed by Western Area Power Administration ("Western"), which Commission Staff has analyzed. Applicant will also provide to the Commission copies of (i) the Facility Study Agreement with Western and (ii) the Facility Study produced by Western, as soon as they are available but no later than 90 days prior to commercial operation of the Project.
4. Applicant will also provide to the Commission copies of the Project's executed interconnection agreement with Western, and the technical operating studies which will be performed by Western prior to actual physical interconnection of the Project to the Western transmission system.
5. Applicant will comply fully with all requirements of Western to interconnect the Project with the Western transmission system and to ensure compliance with all applicable WECC/NERC standards, without the implementation of an automated Remedial Action System ("RAS") to mitigate any N-1 contingencies. However, Applicant may rely upon a RAS to mitigate impacts of an outage of either (i) the Peacock – Mead 345 kV line or (ii) the Mead 345/230 kV transformer, coincident with an extremely low probability of operation of the Liberty Phase Shifter moving power in the Northbound direction.
6. If Applicant enters into a control area services agreement with a third-party provider, Applicant will file with the Commission a copy of such agreement.
7. Applicant will not set any combustion turbine on its foundation until a Finding of No Significant Impact (FONSI) has been issued by Western (or, if an Environmental Impact Statement is required for the Project, a Federal Record of Decision has been issued) approving construction of the transmission facilities interconnecting the Project to Western's transmission system.
8. The Applicant will not operate the Project combustion turbine generator units more than 20,000 aggregate unit-hours per calendar year.
9. Applicant or its affiliate company will become a member of the Western Electricity Coordinating Council ("WECC") (or its successor), and will file with the Commission a copy of its executed WECC Reliability Management System ("RMS") Agreement.



1 10. Applicant, its affiliates, successors and assignees may use groundwater for electrical  
2 generation and related uses, as provided by the revised and restated agreement between  
3 Mohave County and Griffith Energy and in NAEP's recent agreement with Mohave County  
4 and in accordance with the following conditions:

5 (i) The source of water for operation of the Project shall be the existing  
6 well field located in only that portion of the Sacramento Valley Basin  
7 lying south of the Kingman – Oatman Road and West of Interstate 40.  
8 Any alternative long-term supply of groundwater for the Project  
9 pumped from any different location must be pre-approved by the  
10 Arizona Corporation Commission.

11 (ii) During the operating life of the Project, the Project's water usage  
12 and the water table at the well field shall be metered and measured at  
13 six-month or shorter intervals and reported to ADWR and Mohave  
14 County annually; provided, however, the water table measurement  
15 interval may be reduced to an annual interval, upon approval by  
16 ADWR, if the more frequent measurements reflect a consistent trend.

17 (iii) Applicant shall utilize the existing procedure established to  
18 annually monitor and report to ADWR any reasonably measurable land  
19 surface subsidence.

20 Additionally, when the NAEP facility is operating, it shall limit its deliveries of water from  
21 the Griffith facility to no more than 270 acre-feet per year.

22 11. Applicant will, in good faith upon reasonable notice, participate in a Commission sponsored  
23 workshop or other forum addressing the regional natural gas infrastructure and market.

24 12. Applicant shall pursue all necessary commercially reasonable steps to ensure a reliable supply  
25 and delivery of natural gas for the Project.

26 13. Subject to applicable Federal Energy Regulatory Commission regulations, Applicant or its  
27 power marketing affiliates will make commercially reasonable good faith efforts in the  
28 ordinary course of business to market wholesale power from the Project directly or indirectly  
to credit worthy utilities that serve Arizona loads; however, this condition shall not constitute  
any restraint against, nor shall it in any manner restrict, marketing efforts to or transactions  
with any other potential purchaser(s) of power from the Project.

- 1 14. In connection with the construction of the Project, Applicant shall use commercially  
2 reasonable efforts, where feasible, to give due consideration to use of qualified Arizona  
3 contractors.
- 4 15. Applicant shall prepare a plan for permanent shutdown, decommissioning and cleanup of the  
5 plant site which shall be filed with the Commission's Docket Control section within two  
6 years prior to the actual permanent shutdown and decommissioning of the plant site.
- 7 16. Within 30 days of the Commission decision authorizing construction of the Project, Applicant  
8 shall erect and maintain at the site a sign of not less than 4 feet by 8 feet dimensions,  
9 advising:
- 10 A. that the site has been approved for the construction of a 175 MW generating  
11 facility;
- 12 B. the expected date of completion of the Project; and,
- 13 C. the name and telephone number of a Project representative as well as a website to  
14 provide contacts and public information regarding the Project.
- 15 17. In the event that Applicant requests any extension of the term of the Certificate, Applicant  
16 shall use reasonable means to directly notify all landowners and residents within one-mile  
17 radius of the Project of the time and place of the proceeding in which the Commission shall  
18 consider such request for extension. Applicant shall also provide notice of such extension to  
19 the community of Kingman and Mohave County.
- 20 18. Applicants, its successor(s) or assignee(s) shall submit a self-certification letter annually,  
21 identifying which conditions contained in the Certificate, as amended, have been met. Each  
22 letter shall be submitted to the Utilities Division Director on August 1, beginning in 2008,  
23 describing conditions which have been met as of June 1. Attached to each certification letter  
24 shall be documentation explaining, in detail, how compliance with each condition was  
25 achieved. Copies of each letter, along with the corresponding documentation, shall also be  
26 submitted to the Arizona Attorney General and the Directors of the Arizona Department of  
27 Environmental Quality, the Department of Water Resources, and the Department of  
28

Commerce Energy Office. Compliance with conditions that require only a single instance of compliance need not be re-certified after the initial certification of such compliance.

19. Should cultural features and/or deposits be encountered during ground disturbing activities, Applicant shall comply with A.R.S. § 41-844, which requires that work cease in the immediate area of the discovery and that the Director of the Arizona State Museum be notified promptly.

20. If human remains or funerary objects are encountered during the course of any ground disturbing activities related to the development of the subject property, Applicant shall cease work and notify the Director of the Arizona State Museum in accordance with A.R.S. § 41-865.

GRANTED this 1<sup>st</sup> day of November, 2007.

ARIZONA POWER PLANT AND  
TRANSMISSION LINE SITING COMMITTEE

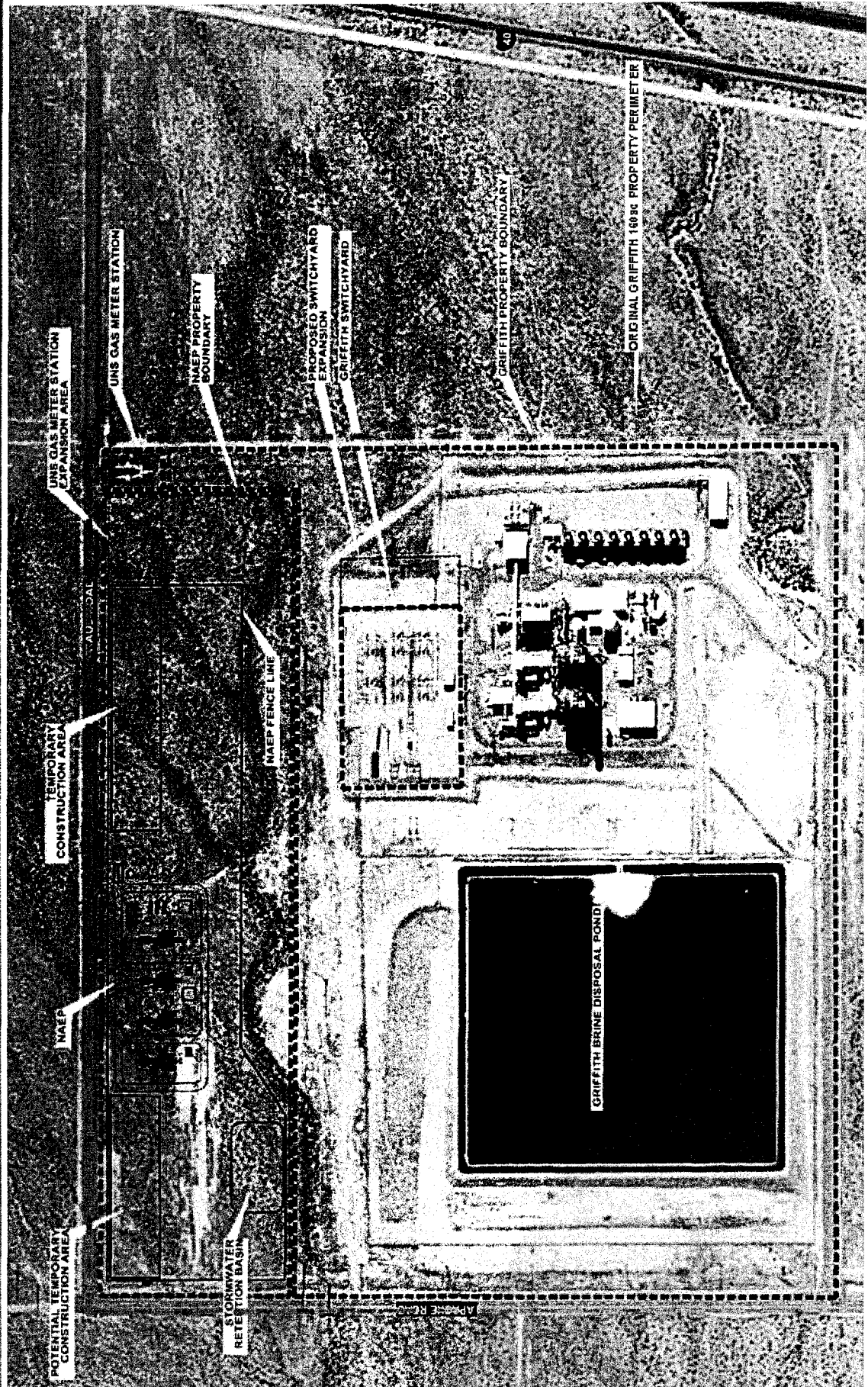
By Laurie A. Woodall  
Laurie A. Woodall, Chairman

81376

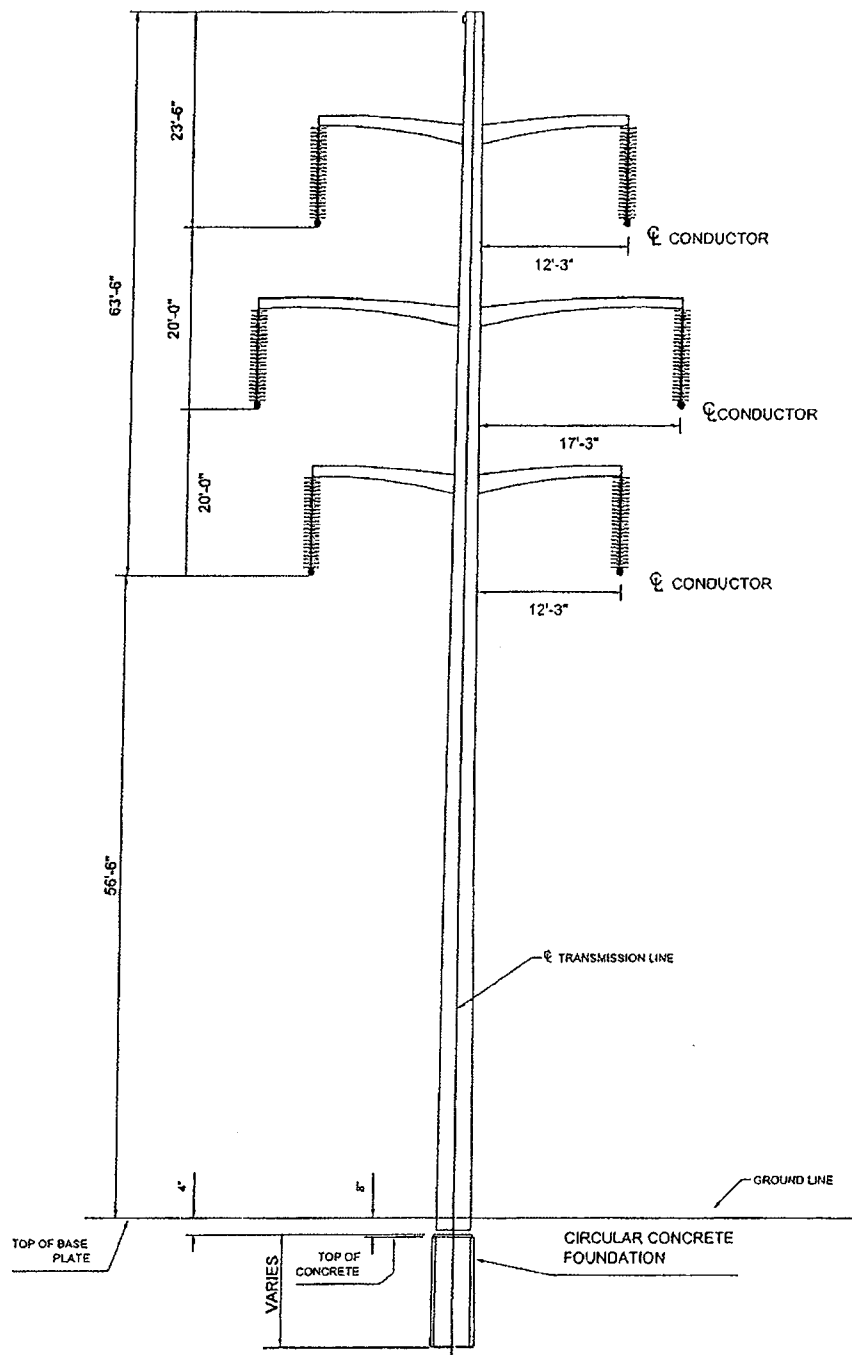
# EXHIBIT A



# Aerial View of Project Site



# EXHIBIT B



# NORTHERN ARIZONA ENERGY PROJECT

Figure K-1  
Proposed Transmission Structure

ANALYSIS AREA: MOHAVE COUNTY, ARIZONA

Date: 02/19/07

File: Figure K-1.dwg

Drawn By: ETC

Layout: 001

Source: Griffith CEC